



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 11/16/2004

GAIN Report Number: CH4058

## China, Peoples Republic of

### Agricultural Situation

## Drought in Southern China- Limited Impact on Crops

## 2004

**Approved by:**

Maurice House  
U.S. Embassy, Beijing

**Prepared by:**

Casey Bean and Jiang Junyang

---

**Report Highlights:**

Since September, the southern provinces of Guangxi and Guangdong are reporting the lowest rainfall in almost 50 years. However, USDA's satellite imagery does not support the reports of the "worst drought in decades". The vegetation map shows less greenness than normal, especially in Hunan and Hubei, indicating drought conditions. Further, visual images of the Yangtze and southeast China show lower than normal water levels, and the rivers and wetlands near Guangzhou have shrunk. The drought impact on this year's total rice output, however, will be limited given the small acreage of drought-affected late rice. Nevertheless, according to media reports, rapeseed, winter wheat and vegetables in the region will be affected. China's total grain output in MY04/05 is still forecast by authorities to exceed 455 MMT, a 6 percent increase over the previous year.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Beijing [CH1]  
[CH]

**Summary**

Since September, the southern provinces of Guangxi and Guangdong are reporting the lowest rainfall in almost 50 years. However, USDA's satellite imagery does not support the reports of the "worst drought in decades". The vegetation map shows less greenness than normal, especially in Hunan and Hubei, indicating drought conditions. Further, visual images of the Yangtze and southeast China show low water levels, and the rivers and wetlands near Guangzhou have shrunk. The drought impact on this year's total rice output, however, will be limited given the small acreage of drought-affected late rice. Nevertheless, according to media reports, rapeseed, winter wheat and vegetables in the region will be affected. As a result, China's total grain output in MY04/05 is still forecast by authorities to exceed 455 MMT, a 6% increase over the previous year.

**Drought impact minimal on Southern China's grain output**

Despite reports of a two-month drought in southern China, post estimates that China's total grain output in MY04/05 will exceed the 455 MMT target set by the Chinese government early in the year. In China, official data on grain includes wheat, corn, rice, other cereals, soybean and tubers.

The China National Statistical Bureau releases data on grain output the February following the harvest. All provinces are now submitting data to the central government. As mentioned in previous updates, the three provinces of Heilongjiang, Jilin and Henan have reported record grain production this year. Thus far, the rice producing provinces in southern China have not released their data on rice output for 2004. But post believes that the drought impact on rice output is not significant nationally, given the limited area in Guangdong and Guangxi provinces impacted by the drought.

According to local media reports, Guangdong and Guangxi provinces received the lowest rainfall in almost 50 years in September and October. The adjacent provinces of Hunan, Jiangxi, Hubei and Fujian also reported drought.

According to USDA satellite imagery, a lower than average water level is indicated in parts of southern China. A Guangxi-based website reports a 2.5 million ton reduction in total "grain" (including soy and tubers) output, about 12 percent below earlier estimates. For rice alone, post estimates that the reduction caused by drought in Guangxi and Guangdong combined might be two to three million tons. Rice output (including early and late varieties) in the two provinces totaled 24 MMT in 2003, accounting for less than 15 percent of the national total in 2003.

Late rice harvest starts from mid-October in southern provinces and will be finished by mid-November. Late in October, Ministry of Agriculture (MOA) announced that rice output in 2004 was expected to rise 11 percent over previous year. Post's estimate on the increase might be lower than the official data indicate. Post will start its annual tour on rice situation in December.

**Drought to affect winter planting and the size of some crops in southern China**

MOA told post that MOA so far has not made any evaluation on overall damage caused by the drought.

Local media reports that drought conditions have hurt the seedling of rapeseed, winter wheat and vegetables in Hunan, Hubei and Jiangxi provinces. However, it is too early to predict any effect on next year's yields. Some southern provinces report that citrus has been hurt by drought, but producers and officials in Jiangxi said the impact would be negligible. Industry sources estimated that the drought might lead to smaller-sized fruits in parts of the drought hit provinces, resulting in smaller production volume. However, as citrus acreage keeps

increasing, post estimates that the total citrus output would stay at the same level of last year

**Rainfall brings some relief in parts of southern China**

During the week of November 8, a broad cold front moved across southern China. Most parts in the provinces including Hubei, Hunan, Jiangxi, Anhui, Jiangsu, Guangxi and Northern Guangdong have received a rainfall ranging between 25-50mm. This might alleviate the drought in parts of the region or curb it from worsening further.

**Damage on sugar cane to be evaluated later by Post**

Guangxi province is the major sugar cane producer in China. Its sugar output accounts for about half of the nation's total. Although on November 5 it received the first rainfall in 44 days, local sugar industry source told post that rainfall remains insufficient. Insufficient rainfall has been common for the province during the autumn-spring period in the past years. Post will monitor the situation.

Post disagrees with local state media reports on the substantial damage already made on the cane crops in Guangxi provinces. Some mills in the province have started crushing since October. According to industry sources, the yield and the sugar content have been higher than the yearly average. This resembles a similar situation as previous year when dry conditions during the harvest improved the sugar content of the crop. Consequently, the sugar output in the province did not decrease. Post forecast for the sugar cane crop in the province is not changed from October's semi-annual report.

**A bumper crop harvested, the government continues to encourage more grain acreage for next year**

China's grain output in 2003 totaled 430.69 MMT, the lowest in a decade according to official data. In response to reduced stocks and price hikes since last fall, government has made ambitious plan to encourage the grain acreage through policies such as agricultural tax reduction, direct payments and discounted seed. Farmers are very responsive to government stimulus policies. Also helped by favorable weather conditions, major crop's yields are exceptionally good this year. Authorities have announced that total grain output in 2004 would exceed the government target of 455 MMT, 6 percent more than the previous year. Post agrees there was a significant increase in area and excellent yields for most crops.

(End report)